

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6256**

**BILL NUMBER: SB 386**

**DATE PREPARED:** Jan 4, 2002

**BILL AMENDED:**

**SUBJECT:** Medicaid Waiver for Family Planning Services.

**FISCAL ANALYST:** Kathy Norris

**PHONE NUMBER:** 234-1360

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill requires the Office of Medicaid Policy and Planning to apply, before January 1, 2003, for a demonstration waiver to extend Medicaid coverage of family planning services for certain women.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** The maximum additional direct and administrative costs to the Medicaid program for adding a family planning services waiver is estimated to be about \$1.65 M annually. There will also be start-up costs associated with reprogramming of computer systems, development of training materials, etc. However, there is also a possibility that these costs can be offset by the avoidance of costs associated with future pregnancies and additional children in the Hoosier Healthwise program, as described below.

*Background:* Medicaid family planning services are used to assess a woman's physical health for selection of a contraceptive method and/or medical preparation for future childbearing. Services include office visits, lab tests, treatment of acute sexually transmitted diseases, and selected surgical procedures, as well as the dispensing of contraceptives.

Based on an average enrollment of about 20,000 in FY 1999 for whom pregnancy-related services were provided and an estimated monthly cost of services of \$55, the total cost of services is estimated to be \$13.2 M per year. The federal financial participation for family planning services is 90% resulting in a state match of \$1.32 M. An estimated administrative cost of \$660,000 (5% of service cost) with 50% federal financial participation results in estimated administrative costs to the state of \$330,000 annually. The resulting total state share of these expenditures is about \$1.65 M per year.

There are likely to be one-time costs associated with reprogramming of computer systems, development of

training materials, updating of provider manuals, etc. There may also be the possibility of an increase in future on-going caseworker costs due to increased caseloads. Neither of these administrative costs have been estimated at this time.

There is also likely to be a reduction in future expenditures in the Medicaid program due to a reduction in pregnancies and the associated costs of additional children in the Hoosier Healthwise program. Although the extent of these savings has not been estimated, it is possible that the reduction in future expenditures could more than offset additional expenditures of the family planning services. Based on an estimated expenditure of \$2,000 for pregnancy-related services and the associated annual cost of a newborn infant in the Hoosier Healthwise program, breakeven with the estimated costs, described above, could be realized with the avoidance of about 835 pregnancies, about 3% of the unduplicated annual recipients of pregnancy-related services in the Medicaid program.

The costs and expenditure offsets described above represent maximum estimates since the calculations assume that all eligible women participate in the program.

This note will be updated when additional information becomes available.

**Explanation of State Revenues:** See *Explanation of State Expenditures*, above, regarding federal reimbursement in the Medicaid program.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of Medicaid Policy and Planning, Division of Family and Children.

**Local Agencies Affected:**

**Information Sources:** Amy Brown, Legislative Liaison for the Family and Social Services Administration, (317) 232-1149.